BEFORE THE BOARD OF OIL, GAS AND MINING DEPARTMENT OF NATURAL RESOURCES IN AND FOR THE STATE OF UTAH

IN THE MATTER OF THE REQUEST FOR HEARING IN REGARDS TO THE FIVE-YEAR PERMIT RENEWAL, CO-OP MINING COMPANY, BEAR CANYON MINE, ACT/015/025, EMERY COUNTY, UTAH.

DOCKET NO. 95-025

CAUSE NO. ACT/015/025

WEDNESDAY, JANUARY 24, 1996, COMMENCING AT THE HOUR OF 10:00 A.M., A HEARING WAS HELD IN THE ABOVE MATTER BEFORE THE BOARD OF OIL, GAS AND MINING, 355 WEST NORTH TEMPLE, 3 TRIAD CENTER, SUITE 520, SALT LAKE CITY, UTAH 84180-1203.

INTERMOUNTAIN COURT REPORTERS 5980 South Fashion Blvd. Murray, Utah 84107 801 263-1396

FILE NO. 102496

REPORTED BY: DANA MORSE, CSR, RPR ORIGINAL

APPEARANCES

CHAIRMAN:

DAVE LAURISKI

BOARD MEMBERS:

RAYMOND MURRAY ELISE L. ERLER JAY CHRISTENSEN KENT STRINGHAM JUDY LEVER THOMAS FADDIES

STAFF MEMBERS:

VICTORIA A. BAILEY, Secretary to the Board TONI HELDMAN, Records Librarian THOMAS A. MITCHELL, Assistant Attorney General PATRICK J. O'HARA, Assistant Attorney General JAMES W. CARTER, Director, Division of Oil, Gas and Mining RONALD J. FIRTH, Associate Director of Oil and Gas, Division of Oil, Gas and Mining LOWELL P. BRAXTON, Associate Director of Mining, Division of Oil, Gas and Mining FRANK R. MATTHEWS, Petroleum Engineer BRAD G. HILL, Geologist RON DANIELS, Coordinator of Minerals Research

1	APPEARANCES:	
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4	FOR CASTLE VALLEY SPECIAL SERVICE DISTRICT:	JEFFREY W. APPEL, ESQ. Collard, Appel and Warlaumont 1100 Boston Building 9 Exchange Place Salt Lake City, Utah 84111
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1	SLC, UTAH, WEDNESDAY, JANUARY 24, 1996, 11:05 A.M.		
2	PROCEEDINGS		
3	MR. LAURISKI: Okay. If we could, please, we'll go		
4	back on the record. Gentlemen and ladies, please.		
5	Thank you. This brings us to our agenda item number		
6	five in Docket No. 95-025, Cause No. ACT/015/025 in the		
7	matter of request for hearing in regards to the		
8	five-year permit renewal, Co-Op Mining Company, Bear		
9	Canyon Mine, ACT/015/025, Emery County, Utah.		
10	We're here to consider a request from interested		
11	parties for a hearing regarding approval of the renewal		
12	permit, so if counsel would identify themselves for the		
13	record, please.		
14	MR. APPEL: Jeff Appel on behalf of Castle Valley		
15	Special Service District.		
16	MR. SMITH: Craig Smith on behalf of North Emery		
17	Water Users Association and Huntington Cleveland		
18	Irrigation Company.		
19	MR. MITCHELL: Tom Mitchell on behalf of the		
20	Division of Oil, Gas and Mining.		
21	MR. HANSEN: Mark Hansen on behalf of Co-Op Mining		
22	Company.		
23	MR. LAURISKI: Thank you. Mr. Appel.		
24	MR. APPEL: Thank you very much. Good morning.		
25	Didn't expect to see you all so soon but here we are		

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This is simply a procedural request to the again. Board. We won't be calling any witnesses. Simple reason for that is we never reached the substance at the Division level of the renewal process. Thumbnail sketch of what occurred is the Division failed to follow its own rules and denied our participation in an informal conference that we timely requested. The result is that we were denied the ability to participate as allowed by the rules and the statute before the Division. Ensuing dates, I believe, is as follows: June 19, 1995 the permit renewal was submitted by Co-Op. On October 12, 1995 the water users, Mr. Smith's and my clients filed a timely objection and a request for informal conference. On October 19, 1995 the DOGM granted the request for an informal conference and set a hearing for November 8, 1995.

All of this, we believe, was timely. On October 31, 1995 the water users requested a 90 day postponement and extension. That was granted on November 1, 1995 and we began our review process. We had recently been denied actually, somewhat after that November 4th or 5th we were denied access to the mine by Co-Op. We wanted to go in and begin our work and review. We were denied access by Co-Op on the basis of filing this particular project. Nonetheless --

MR. LAURISKI: Mr. Appel, before you go on, just so I'm clear, you say on November 1, 1995 the request was granted by the Division for postponement?

MR. APPEL: A 90 day postponement, yes. I'm glad you noticed that date because on November 2nd the renewal was granted and part of what it says in the findings of the Division is that we failed to establish our case. Our view is that we were certainly entitled to our informal conference and also entitled to rely upon the extension time.

So we're here to ask you one of several things. We don't believe that we were given a full, fair statutory opportunity to prepare and present our legal and factual basis. Quoting our objection, the governing statute 40-10-132 says: The Division shall hold a conference within a reasonable time.

As I understand the Division's view of this, they are guided by the 120 day period set forth in the rules which we can get to a little later on. I think it's the interpretation of that rule by the Division that causes a problem. The 120 day period set forth at 645, Rule 645-300-131.112 -- these numbers are difficult -- says the permit renewal period for application review will not exceed 120 days. We believe that 131.112 needs to be reviewed there. That provides time will be counted

as cumulative days of the Division review and will not include operator response time or time delays attributed to informal or formal conferences or Board hearings.

The other important portion of that statute -- or, I'm sorry, rule is that they have to render a decision within 60 days of the close of the conference.

Now we filed, as I mentioned, our request, timely request for the informal conference on October 12, 1995. At that point in time I believe that the 120 day period for Division application review is tolled. I suppose there's an argument that on October 19th when the DOGM granted that request, that's another date you could look to, but I believe we requested that is time delays attributed to informal or formal conferences or Board hearings, so we believe that was tolled at this point in time and that the Division was acting in violation of their rules by approving this on November 2nd.

Then there's the rather important issue, more important, I suppose, that we were denied our informal conference which they certainly can't tell us we can have something on November 8th knowing all the way that the applicable time is going to expire on November 2nd and then again tell us one day before it's expired that we could have an extension for 90 days and suggest that

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we have not presented a case. So in a nutshell I guess that's it. There are a couple things I think that the Board could do, three to be specific. You could rule with the Division, in which case we could seek further review. I hope you will not do that in these particular circumstances.

The second is that you can remand for the informal In my view, we'd have a minimum of the 21 conference. days plus the 90 day extension to pull this together. What we believe we need to do, and this gets into my third approach to this, we need some adequate discovery. We need to gather samples from the mine. Rather than coming at this piecemeal, as we have in the past, I think it would benefit all parties both expense-wise and time-wise to simply get to the bottom of the factual basis concerning this mine and the water users down there. Remand the rule. As you know, renewals are not the best way to approach this particular problem. The burdens of proof are different. Of course, if the Board orders us to do that, we'll find a way to get it done within the time frames that I've suggested.

The Board has the ability to order discovery. You have different rules. You also have inherent statutory flexibility basically -- I'll put it in my own plain

talk -- to do what's right to get something done under your own statutory provisions. I think you can remand this with instructions and drape the Board's jurisdiction over the process allowing for discovery and with giving some direction as to how this can occur.

I haven't spoken at length with Mr. Mitchell or Mr.

-- I haven't spoken at all with Mr. O'Hara about this
and I have not spoken with Mr. Hansen but it might be -if you're interested in that approach, it might be
something where we could make another presentation to
you at the next Board meeting and come up with
something.

I think that's the way to finally get these facts out and get this over once and for all. I would hope that Co-Op would have an interest in approaching it that way rather than continuing to be worried about it or looking over their shoulder toward us. We certainly would like to have that done. If the facts show if all of our experts can demonstrate that there's no interference with our water rights, then I believe that we're done unless something changes.

However, if we can convince the Board and the experts show that there is a problem with this, then there are tools within your statutory authority and statutory authority of the district that can give us

some relief, and that's what we'd hope to accomplish this way. Right now Co-Op is mining based upon the renewal. I've spoke with my clients, and I believe Mr. Smith has spoken with his, and it's fine with us if they continue to mine, so this would essentially be an approach where we think all parties can win and we can end this thing. Craig?

MR. SMITH: I'd just like to add a couple comments briefly. Mr. Appel has covered the issue. We find ourselves, I think, in a very difficult situation procedurally and not because of our own making but because of what we think is an error by the Division.

We haven't had our informal conference and we think it's important to try to resolve these issues at the lowest level possible. That's why the rules are set up the way they are, to allow an informal conference to allow information to be gathered and decisions to be made to have that participation at that level.

I think it's patently unfair to deny the water users the opportunity to have their concerns aired at the Division directly to see if things could be changed in the Division or to protect the water that's there.

Mr. Appel went through the schedule. We were granted a 90 day continuance. The reason we asked for a continuance was to gather information. We were granted

that on November 1st and then this thing was approved on November 2nd. We just haven't had our day before the Division. We'd ask we could be remanded there.

As Mr. Appel has mentioned, there's a couple of ways that maybe that could be done in a method that would save time and money for everyone which is the -- to remand and yet maybe have this Board retain jurisdiction to have a discovery take place but to have it remanded so the Division, as in the role of a hearing officer, could review this issue and -- before it comes before this Board.

We just shouldn't be here yet. That's basically our bottom line. We should be able to have our concerns aired and our facts presented to the Division on this issue. Thank you.

MR. LAURISKI: One question relative to the request for an informal conference, and I notice that in your pleadings you talk about the 30 days for Board -- you know, following the decision of the Division to issue the notice to request the Board hearing. What is the time constraints for -- between the time that the publication or the notice of publication for renewal comes about until you have to request an informal conference? I don't see that in here. Is it 30 days, as well?

MR. APPEL: I -- is that with respect to whether we timely filed our request?

MR. LAURISKI: Yes. I'm asking what the time frames are for that.

MR. SMITH: I believe it's 30 days from the last date of publication.

MR. LAURISKI: From the last date of publication.

MR. SMITH: And this one was actually published twice, as I recall, because there was an error in the first publication. I don't know if I have that with me, but I certainly could provide for the Board the evidence that we timely appealed this. I don't think that's been a question but, you know, if it is, we can certainly clear that up quickly.

MR. APPEL: I don't believe there was any issue raised with respect to timeliness of the objection.

MR. LAURISKI: No. I'm just curious to try to put the time lines together as to what those time elements are. And I'm understanding that the first four notices in four consecutive weeks was on August the 29th, so we had four consecutive weeks beyond that of notice that probably takes us near the middle to latter part of September and your request for informal conference is on the 12th of October.

MR. SMITH: That's right.

MR. LAURISKI: I'm just trying to put the next date in here.

MR. MITCHELL: Mr. Chairman, the rule on permit renewal refers you back to 645 -- 645-300-121.100 which is under Coal Mine Permit Administrative Procedures and it provides that comments and objections on permit applications within 30 days of the last newspaper publication, written comments or objections to an application for a permit, significant revision to a permit or renewal of a permit tying it all together may be submitted to the Division by public entities notified with respect to operation proposed coal mining. Read on further, that also is what applies to any person which may have an affected interest, 23.100.

MS. LEVER: Doesn't give days.

MR. MITCHELL: Yes. It's the same as 121.100, 30 days from the last newspaper publication written comments or objections and then with regard to that the informal conference at 123, any person having an interest which may be adversely affected must, when they request it, briefly summarize the issues to be raised, where they want it to be held, and be filed with the Division no later than 30 days after the last publication in the newspaper advertisement. So it's 30 days from the last date of publication.

1 MS. LEVER: What is it, four weeks from 2 publication? 3 MR. MITCHELL: Four weeks or 30 days. In other 4 words, what they may not --MS. LEVER: Do they have to publish four weeks from 5 6 MR. MITCHELL: I believe so. Let me verify that for 7 you. Place an advertisement in a local newspaper 8 9 general circulation and locality of the proposed coal 10 mine or reclamation at least once a week for four 11 consecutive weeks. A copy of that advertisement as it 12 will appear in the newspaper will be submitted to the 13 Division and that advertisement contains certain 14 information, which I don't think is in dispute. 15 121.100. MR. LAURISKI: Mr. Mitchell? 16 MR. MITCHELL: I'm going to wait and give Mr. Hansen 17 18 an opportunity to go first. 19 MR. LAURISKI: Okay. Thank you. 20 MR. HANSEN: I don't know if I should thank 21 Mr. Mitchell for that or not. Mr. Chairman, members of 22 the Board, as far as on the timing on what has 23 transpired here, I see two dates that are most 24 significant. The first date is June 19, 1995 when Co-Op

submitted its application for permit renewal.

MR. LAURISKI: Is that June -- excuse me, June 19th or June 16th?

MR. HANSEN: I'm taking this information from the petitioner's objection to the Board. If it was the 16th, I would stand corrected. Their date here, I think, is June 19th and I was using that date. The second date is November 2, 1995 which was something over 120 days following the application for permit renewal.

The November 2nd date is important because that is the date that Co-Op mine's permit was due to expire. The Division was obligated no later than November 2nd of 1995 to rule on the application for renewal. At the end of that date the Division would either have approved the permit allowing Co-Op mine to continue mining or denied the permit which would shut down mining altogether or rule on it which would result in an expiration that also resulted in Co-Op mine being shut down.

So that November 2nd date is important. All of the other dates deal with actions taken by the petitioners. If you look at the time line as they have stated, their objections were in timely. They could have filed their objections sooner and conducted discovery, put on their evidence, have their informal conference, have all their information before the Board before that November 2, 1995 deadline. They failed to do that. Their objection

was untimely. It was their burden to put on their case, to present their evidence. If they failed to get it in before November 2nd, the Division really had no effective choice but to grant the petition for renewal based on the information it had before it at that time.

MR. LAURISKI: Mr. Hansen, on what basis do you say that the petitioner's request was untimely?

MR. HANSEN: By simple examination of the time line, sir. If they filed their initial objection on October 12th, if they needed to conduct discovery before they could put on their evidence, there was simply no time between October 12th and November 22nd to conduct any discovery that they would need to put on their evidence.

MR. LAURISKI: Well, the reason I ask the question about the amount of time that you have between the last publication and the request for a hearing, as I understand from Mr. Mitchell quoting the section, we have 30 days. So, by our calculations, if you have four weeks of publication, we assume that that would have expired somewhere around the 19th of September. Your first publication was on the 29th of August. So by our calculations, the four consecutive weeks takes you to the 19th of September, so 30 days beyond that would take you to the 18th of October and their request is based on — was requested on October 12th, within the 30 day

time line. My question then goes back as to what basis are we saying that the petitioner's request was untimely?

MR. HANSEN: The only thing I can respond to there is regardless of all the other dates, there had to be a ruling based on evidence submitted to the Division by November the 2nd. Substantively, I heard Mr. Appel say that we desire a opportunity to finally lay to rest, to come to some clear conclusion as to whether or not there is any interference on subsequent grounds.

With all respect, it is my understanding that we have already clearly established that very point in Co-Op's mine application for a significant permit renewal to admit mining the tank seam. The primary issue raised and the primary objection raised by the petitioners in this matter was whether or not mining a tank seam would have any highly logical impact on the Big Bear Spring and Birch Spring and Co-Op mine rather than the petitioners had the burden of proof on that point to establish there would be no interference.

Co-Op mine established that by evidence of two separate factors. The first was that there was no water in any significant amounts encountered or expected to be encountered in the tank seam itself, but second and more importantly for today's purposes, Co-Op mine put on

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evidence that the entire permit area was hydrologically isolated from Big Bear Spring and Birch Spring. And the findings of fact and conclusions of the law reached by the Board in its June 13, 1995 order agreed with Co-Op's evidence on the point, found that the permit area was indeed hydrologically isolated from those two springs and that was one of the factors in the Board's decision that mining the tank seam would not have an adverse hydrological impact on those two springs.

MR. LAURISKI: Mr. Hansen, I'm going to stop you for a second. I think the only matter currently before us is a procedural question as to whether or not the petitioners were due an informal conference without getting into the substance of the permit renewal itself.

MR. HANSEN: I agree. The reason I make that point is because the only persons that are allowed to raise these kind of objections are persons who have interests that may be adversely affected and to the extent the petitioners are relying on a claim that they will be adversely affected by the underground mining impacts on the area's hydrology by virtue of the court's previous order, these individuals are not persons whose interests may be adversely affected.

MR. LAURISKI: And I think that that comes, you know, once the Board makes a decision on the procedural

motion as to whether or not the petitioners were given due process under the rule. If it's determined that they were, this matter then becomes before the Board. And that's one of the arguments, obviously, that we're going to have considered, but at this point what we're dealing with is whether or not this matter should be remanded back to the Division to conduct an informal conference and do discovery, and I don't think we've reached a point of any issues regarding collateral estoppel or the substance of their complaint.

MR. HANSEN: The issue here is whether the petitioners here even have standing to raise an objection.

MR. LAURISKI: It's not an issue. As I see it, it is purely a matter of them requesting to go back before the Division as to whether or not they've had an opportunity to do that under the existing rules. I don't think that they've -- and you correct me if I'm wrong, Mr. Smith and Mr. Appel, if they've asked anything beyond asking this Board to remand this matter back to the Division so they can conduct an informal conference on your request on Co-Op's request for the rule of a five year -- on a five year permit.

Beyond that, I don't know that the Board is willing at this point to consider any of the substantive issues

that the petitioners may raise regarding Co-Op's request for the permit. Counsel, you correct me if I'm getting out of line here.

MR. O'HARA: I will or I'll try.

MR. HANSEN: Mr. Chairman, I certainly don't intend to debate the legalities of the point. I don't intend to get into the evidentiary substance on the issues. I was merely attempting to find out that based on the Board's prior ruling that these persons are not persons who have standing to even make the objection to begin with. If they don't have any right to make the objection, they don't have any right to an informal conference to begin with, they don't have a right to an appeal in this matter if they are not persons whose interests may be adversely affected. And I believe that the Board's prior ruling establishes that, at least to the extent that their proceedings at this point deal with the hydrological impacts of the underground mining.

MS. LEVER: May I ask Mr. Hansen a question?

MR. LAURISKI: Sure.

MR. HANSEN: Thank you.

MS. LEVER: Mr. Hansen, I'd like to ask you a question. If you take from the proposition coming from that you've filed for an application, an objection, and let's make the assumption it was a timely filed

to get injunctive relief.

objection, wouldn't you expect that to give efficacy to 1 2 the opportunity for an objection to be heard and to have 3 discovery that there ought to be time allowed to do that? 4 5 MR. HANSEN: I believe that there should be time 6 allowed to do that. The difficulty is, as I've stated, 7 8 MS. LEVER: Don't jump to the earlier thing. 9 without jumping --10 MR. HANSEN: As a general proposition, some of the 11 -- with the valid objection bears the burden of proof 12 should have the opportunity to present the evidence to 13 I would agree that is a general proposition, meet that. 14 yes. 15 Wouldn't you generally -- would you MS. LEVER: 16 agree with a general concept that, generally speaking, 17 things would be held in abeyance when that kind of an issue arises? 18 19 MR. HANSEN: I'm not aware that the expiration of 20 the permit would be held in abeyance under the rules. 21 MS. LEVER: Well, if you were filing a lawsuit, if 22 you didn't get an injunction, it would hold things, 23 right? I mean things would generally be held and if you 24 wanted to stop something from happening, you would have

MR. HANSEN: I believe we're dealing with a completely different set of issues relating to statutes of limitations and so on. I'm not --

MS. LEVER: Do you disagree with the proposition that was set forward that the filing of the objection in a timely manner would toll the situation, it would toll the time for your -- in other words, your permit wouldn't expire because it -- in essence, the time running factor of the clock had been tolled, stopped?

MR. HANSEN: I am not aware of any authority for

MR. HANSEN: I am not aware of any authority for that proposition.

MS. LEVER: Okay. Thank you.

MR. LAURISKI: Anything further for Mr. Hansen?
Thank you. Mr. Mitchell?

MR. MITCHELL: On behalf of the Division, the analysis of what's in front of the Board begins with 645-303-230 permit renewals, 231 which says: A valid permit issued pursuant to the state program will carry with it the right of success of renewal within the approved boundary of the existing permit upon expiration of the term of the permit.

And I don't think there's any dispute that in the first instance in a mining company which has a valid permit has a right of renewal unless something happens. The right of renewal is exercised upon the filing of an

application for renewal at least 120 days before the expiration of the existing permit term which means that once that 128 day -- 120 day period has been triggered by that application, the Division must do one of two things: It must either renew the permit or not renew the permit.

The law is also clear that a mining company that doesn't have a permit may under no condition engage in mining. There is -- search SMCRA through indefinitely but you will not find such a thing as a conditional permit. You will either have a permit or you don't have a permit. It's been renewed or it hasn't been renewed. It's either been issued or it hasn't been issued.

Now the mining company's right is clear. It can only be denied if there is within that 120 day period a basis for the Division to make a factual finding of a number of things. It says the Division will, not may but will approve a complete and accurate application permit renewal unless it finds in writing the terms and conditions of the existing permit have not been satisfactorily met or that the present coal mine and reclamation operations are not in compliance with the environmental protection of the state program or that the requested renewal substantially jeopardizes the operator's continuing ability to comply with the state

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program on existing permit areas or -- and I could read them all, but it requires the Division to make a finding and be able to establish by carrying the burden, the preponderance of evidence that such is the case. Mere allegation is not a basis for shutting down a mine when they have a right to a permit renewal.

Now was the objection timely? Yes, it was timely in the sense that it had to be considered. What was in front of the Division on November 2nd, the day on which neither had to stop mining at the site because it was in position to make written findings or renew it because it had no basis in the record to not renew it. What was in front of it was a document signed by counsel for the water users that said -- and this is Exhibit C to the water users objection to permit renewal. Their joint request for postponement is that they're not pulling or adequately prepared for the informal conference. must, among other things, undertake a thorough review of the DOGM file, the documents produced by Co-Op, the prior documents and factual background from Co-Op and their experts through discovery and retain experts for their own purpose.

In other words, as for the time when the Division's got to make a decision, they have signed the document as attorneys for these parties saying we aren't prepared to

write any basis at all for any allegations. Now whether or not the 120 day rule is a good rule or a wise rule is really irrelevant to what you have to decide today. You have to decide is it the rule? If it is the rule, then was there a basis in front of the Division on November 2nd for not issuing -- for not renewing the permit.

Now the argument, of course, is that apparently I've been told that this joint request for postponement of informal conference was signed in November of 1995 by the director. And I think that can be interpreted only one way. Because the director has no authority to change the substantive rights of the mining company, because the director has no ability to allow an operator to operate without a permit, the most this provides is an opportunity for there to be a hearing, an informal conference considering their allegations at some point in the future. This doesn't say there will be one in 90 days. It says at a minimum of 90 days, at some unknown date these people would like to come back in front of the Division and have an informal conference.

In the Board book there is a December 11th letter to Jeff Appel, counsel for the water users, signed by Mr. Carter which says if what you want is an opportunity to come back in front of the Board, put it in front of it at the time you're ready to put information in front

of the Division that you think there's something wrong; the Division will be glad to have that at any time. And if there's a basis in front of us to do something, we have the ability to do something about it, but that's separate and apart from permit renewal.

The ability to protect the interests of these water users is not foreclosed by following the lawfully promulgated rules in this case concerning when a permit will be renewed. You've got to balance both the rights here. So the final issue is are these people, these water users substantially prejudiced, and this goes in front of the Supreme Court. That's what the Supreme Court is going to have to decide is whether they've been substantially prejudiced.

And I would submit that they have not. If what they want is an opportunity to put evidence in front of the Board at a time they're ready to put in front of the Board and the Division and then the Board, there's no dispute. They can do that. If the issue is can they hold up the permit from being renewed, no, they can't do that. But there's no basis for saying that they've been in any way prejudiced by doing that. They've said to you already today they have no problem with the mine continuing to be in operation. So I don't see that there's any relief that needs to be provided these

people that the Division hasn't already agreed to offer them which is to give them an opportunity to hear their evidence at any time in the future as their evidence may develop and to take steps under the program to modify the permit or take enforcement action, if there's a basis for doing so, with an opportunity to appeal to this Board based upon that evidentiary record at some point in the future when they're prepared to do that.

That, however, is immaterial concerning the absolute right and the absence if on November 2nd there being a basis in the record for denying the permit renewal and shutting down that mine. We would submit it on that.

MR. LAURISKI: One question that I have,
Mr. Mitchell. In the time lines was that following the
request for an informal conference the Division sent a
letter back stating that the conference would be held on
November 8th, yet the question I have is: Didn't the
Division recognize that that was outside the 120 day
time line for the petitioners to ask for?

MR. MITCHELL: I don't know what -- I can't read the Division's mind.

MR. LAURISKI: This -- we're talking six days. Well, you're representing the Division.

MR. MITCHELL: Right. But I guess my point is what the Division is thinking is in some ways irrelevant in

the sense of what was in the record. In other words, the Division could be confused, a lot of things could be the case, but it would not effect the substantive rights of a mining company, their confusion would not effect the substantive rights of the mining company to that permit renewal if these people are not substantially prejudiced by it.

And that's my entire point is that they've already told you that prior to the November 2nd date they weren't ready to go ahead with any hearing at any particular time that they could identify so whether it was held -- whether it would have been held on November 8th was really immaterial. They weren't ready to go. I mean I -- there's no question it's unfortunate that there's a document that says there's going to be an informal conference on the 8th, but my point is it had -- it really had no effect in this case.

MR. LAURISKI: Well, I go back to the December 11th letter and in the last sentence of that on the first page it says: In this instance, although an objection to renewal was timely filed, no such showing was made on or before November 2nd. Yet the Division had granted a conference for November 8th. How could the Division make a determination if no showing had been given if, in fact, the petitioners hadn't been given an opportunity

to present their case?

MR. MITCHELL: Well, if they've told the Division -they told the Division prior to November 2nd that
whether they have a hearing on November 8th or not,
they're not ready to go for a hearing, they have no
evidence at this time.

MR. LAURISKI: I understand that, Mr. Mitchell, but the Division's letter responding to the request for conference was sent on October 19th, not November 2nd, before, before petitioners had requested a continuation for a hearing for a minimum of 90 days.

MR. MITCHELL: But that's not the facts of this case. In this case the situation wasn't that the parties on November 2nd thought they were having a hearing on November 8th and they went ahead and renewed it. That would create complications. I don't even want to get into that because, unfortunately, we weren't there. We've got our own set of facts that are confusing enough. I'm simply saying you've got to balance two parties' rights and the Division took actions.

Now, in reviewing those Division's actions, somebody's not going to be happy but whose material substantive rights are interfered with based on what you can do? And I'm saying if you acknowledge that these

people have a right to have their permit renewed in 120 days and keep their mine operating and that these people have a right to come back in front of the Division and have the Division order the permit to be reviewed or modified at any time they have actual evidence as opposed to allegations, then these people are not substantively prejudiced by that.

On the other hand, if you did something that takes away their right to mine through no fault of the mining companies, you're interfering with a substantive right to renewal on a 120 days on the absence of that evidence having been put on.

Now the Division's record is not as clean as we would like it to be. It's confusing, but in terms of the actual impact, in terms of the actual application of the law to these two parties, I think you have to come to the conclusion that these people are not prejudiced by that and that the mining company would have been prejudiced had the Division done something other than renew that permit on November 2nd.

MS. LEVER: I am concerned a little bit from the fact that -- I'm a lot, concerned a lot that the argument is made as, well, they told us we want it so we didn't think they had their stuff so we set a date out

here. There's no evidence -- I guess it's taking it from a conceptual matter. Are you saying that unless there had been a factual determination by the Board -- or by the Division prior to the 2nd that even though there -- let's say there had been an informal conference held on the 30th of October and that the result of that is that allegations were raised and the opportunity to discovery had been set apart and an order had entered out from the Division with a discovery line, you know, something going forward.

MR. MITCHELL: You're assuming the Division could have ordered this discovery in this informed period. I mean what's not clear to me is that the same -- that there's authority for the Division to order discovery that the Board might under the Board's only procedural rules. You look in the program and in terms of objections to permit renewal you don't see anything about particular options for discovery. There are public documents that have been on file for the entire history of this permit. We know as of -- you can take judicial notice giving multi-day hearings concerning these issues that these people are aware of what's in the Division's files.

MS. LEVER: So you're saying had they filed a -requested an informal conference, they filed a petition

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1 for hearing before the adjustment -- excuse me, before us challenging the renewal of the permit that, in your 2 3 mind, would that have tolled it? MR. MITCHELL: Yeah, I think that would have tolled 5 it because it would have then been on appeal. 6 MS. LEVER: But at that point it was just a notice. 7 It has only been a notice of intent to grant an 8 application for renewal because the Division would not 9 have yet granted. 10 MR. MITCHELL: Well, I'm sorry, say your facts 11 again. 12 MS. LEVER: Okay. Let's say they have a time line 13 that an application for renewal is filed, the notice is 14 given and that within the required time, within the 30 15 days an objection to issuing the renewal is 16 appropriately and timely filed but are you -- but are 17 you saying the only thing that can toll that is by 18 actually filing a petition for review with us? 19 MR. MITCHELL: Well, let me put it this way. 20 still looking at the Division -- say there would have 21 been a hearing at some point before the permit was

informal conference and there had been a record
established. The Division then would have done one of
two things still on November 2nd. It would have

renewed, okay, prior to the 2nd there had been an

approved or denied. Once they approve or deny they —
the mining company would go on. Meanwhile, they would
appeal. It really wouldn't be a tolling issue. It
would simply be a question of whether the Division is
going to be reversed or not unless they move for some
sort of stay of the Division's action but that's not a
tolling issue. There is either a hearing or there isn't
a hearing. The Division makes a decision or doesn't
make a decision or does make a decision one way or the
other.

MS. LEVER: I have a concern that the decision was rendered before there was a hearing on the matter.

MR. MITCHELL: Well, in this case, there wasn't -in this case, the decision was made within the -- on the
last possible day it could be made. There was no
hearing pending, no date for hearing. I mean as of that
date -- the date of the 8th, they had asked to be
vacated. They were saying as of the date that motion
was submitted we're at least 90 days at the minimum for
being in any position to put on any kind of evidence in
front of you, so within that 120 day period what they're
saying is we can't -- we have no basis for put -- we're
not in a position to put anything in front of you that
would cause you to do something other than renew it.

MR. LAURISKI: We'll give you an opportunity.

MR. SMITH: Thank you, Mr. Chairman.

MR. LAURISKI: I have another question from Board

Member Murray.

MR. MURRAY: Tom, what you're saying is even though

they granted them a hearing date on the 8th, it didn't

make a bit of difference on renewing the permit, all the

hearing dates, there was no evidence whatsoever in that

statement that the Division had to change their opinion

on renewing that permit.

MR. MITCHELL: Well, I'm saying -- let's keep in

mind that we might have different facts, and I don't

MR. MITCHELL: Well, I'm saying -- let's keep in mind that we might have different facts, and I don't know what the case would be. I haven't thought through what the case would be had the facts been different than they are today; that is, had the date been set for the 8th, these people showed up on the 8th and the permit was renewed on the 2nd. In this case, the date for the 8th this was vacated.

MR. MURRAY: This is what I'm saying. So renewal of the permit on the 2nd was immaterial to what the 8th meant.

MR. MITCHELL: The 8th was gone by the time the 2nd came along.

MR. MURRAY: That's what I'm getting after.

Regardless of what the 8th meant, it had to be renewed on the 2nd and the Division took the steps they had to

take and that was it.

MR. MITCHELL: That's the position of the Division.

MR. MURRAY: Okay.

MR. LAURISKI: Well, I'm going to ask you to turn to the Notice of Informal Conference that was sent out by the Division. Let's go back on the issue of November the 8th. This is a notice that announces an informal conference will be held on November 8th beginning at 1:30 p.m. in this Board room. Third paragraph says: Objections to Co-Op Mining Company's five year permit renewal for the Bear Canyon Mine were received in an informal conference to be conducted to accept written or oral statements and any relevant information pertaining to this permit renewal from any party to the conference.

Now, as I read that, this hearing was -- as I would read what this says, is to be conducted to accept comments and whether or not to renew Co-Op's permit six days after the 2nd.

MR. MITCHELL: The 2nd, that's what it says.

MR. LAURISKI: Anything from any other Board members?

MR. HANSEN: If I may.

MR. LAURISKI: I'm going to allow Mr. Appel and Mr. Smith at this point.

MR. APPEL: We're a little bit frustrated by the position of the Division as articulated by Mr. Mitchell. And, as it were, with respect to the tanks, I won't go into that at this point in time, but he seems to be relying on some sort of requirements that the Division make a decision within 120 days. Now maybe Mr. Mitchell can show me where it says that, but what I'm relying upon is the review of the permit application which says that the application review will not exceed 120 days and that has a specific tolling provision that we've referenced to you.

This -- again, this concept -- well, it's not again. It's the first time. Mr. Mitchell says that our request for postponement means we have no evidence. I don't know how he would know. He certainly never asked. But between the date that that hearing -- if we had been held to the November 8th hearing date, we would have been before them and we would have had something. It's not that hard to show whether or not this particular application is administratively complete and we certainly could have made that shown. No, because we have been -- had not been allowed access to the mine by Co-Op which causes us some additional problems, we wouldn't have been able to have that sort of expert testimony, but I suppose we could have tried to pick it

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up under the Board's authority.

The concept that Mr. Mitchell doesn't know what's in the mind of the Division, I won't even bother with that one. It's his job. But I will say that these particular rules provide for a few things. The statute provides that the expansion of coal mining in Utah -- and this is 40-10-1 -- to meet the nation's energy needs makes even more urgent the establishment of the appropriate standards to minimize damage to the environment and the productivity of the soil and to protect the health and safety of the public.

In the purpose of that statute 40-10-22, it's required that the chapter assure that the rights of surface landowners and other persons with a legal interest in the land or appurtenances thereto are fully protected from these operations. Subsection three provides assure that surface -- well, that's not going to affect us because it's not surface.

Then you turn to the rules that govern the Division, presumably, and this Board and it talks about the objectives of approval or disapproval of permit applications, of permit terms and conditions. One of the objectives and the first one is to provide for broad and effective public participation in the review of applications and the issuance or denial of permits. And

I'd ask the Board how that could possibly be met under the theories articulated by Mr. Mitchell. If we're told we're going to have a hearing and we prepare for that hearing, we're told that that hearing is going to be postponed, we're entitled to rely upon that.

And, in addition, I'm not sure why he's ignoring
Rule 645-300-131.120 which states that the time will be
counted as cumulative days of Division review and will
not include, will not, not discretionary, will not
include operator response time or time delays attributed
to informal or formal conferences or Board hearings.

The last thing that I'm going to say is that we suggested today that the mining is ongoing. I think a fair reading of this -- well, let me just -- I'll back off of that at this point. A reading of this provision could mean that the ability to mine would continue until these issues are resolved. I don't know that that's a necessary result. We came here suggesting that the mining continue while we get to the bottom of this. We don't want the mining to continue.

Every day they do something in that mine is a possibility that they will impact our water resources, but I came here today with the idea of finally getting to the bottom of this and working it out and suggested that. It may be a reading of that rule. I'm not

willing to state at this point that it is a mandatory result. So it may be that their right to mine is held in abeyance, but these rules apply and I think that the tolling has occurred and certainly we're entitled to rely upon what the Division told us, this Monday morning quarterbacking aside. Thank you.

MR. LAURISKI: Mr. Smith?

MR. SMITH: Thank you, Mr. Chairman. I'll just be brief. We asked for a continuance. Nowhere did we ever say we didn't have facts or facts to go forth, that we were out on some sort of fishing expedition to try to develop facts. That's completely false. That's not in our request. Let me read the request again why we asked for a continuance: In order to fully and adequately prepare for the informal conference objecters must, among other things, undertake a thorough review of the DOGM files, the documents produced by Co-Op and their experts or discovery and retain experts for their own purposes.

The statements by the Division that we had no facts and we're just hoping to some day go forward with a hearing is completely false. We asked for a continuance so we could be fully prepared. If the Division had said no, you have to go forward on the 8th, we would have gone forward on the 8th with the facts we had, but they

didn't say that. We were given a continuance, but now it's under the theory the Division is expanding through their counsel that that hearing on the 8th would have meant nothing because on the 2nd they would have had to grant this permit. This is an "Alice Through the Looking Glass" approach to the rules. We'd ask the Board to interject some common sense and to reject the Division's position because it's contrary to everything that this Board is here for and the Division is here for which is to protect the public.

This is to -- completely disallows any kind of public participation by their reading and their interpretation of the rules, and I don't think this should be countenance for one minute. Thank you, Mr. Chairman.

MR. LAURISKI: Mr. Hansen?

MR. HANSEN: Just very briefly. I heard, I believe it was Mr. Appel -- I don't know if it's Mr. Appel or Mr. Smith -- said that it was fine with them at this point if Co-Op mine continues to mine until these issues are resolved. Co-Op mine can't do that unless their permit is renewed, what we are here on is their objection to renewal and they have stated on the record before the Board this morning that they have no objection to continue the mining while these other

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issues are resolved. I would just submit that the water users here have chosen the wrong procedural vehicle for the relief that they seek. If they believe that Co-Op mine in the past has engaged in a particular activity that has adversely affected the water supply, they can petition the Division at any time for a notice of violation; if they believe that Co-Op mine is doing something that requires more stringent measures, they can petition the Division to issue a cessation order and to require the mine to stop mining until they correct the problem; they can come back and ask for a suspension of the permit after the problem is sufficiently aggravating or they can petition the Division at any time to require a modification of the permit if the permit itself is not sufficient to protect them, so they're not without their remedy. They've simply chosen the wrong procedural vehicle at which to arrive at the remedy that they seek.

MR. LAURISKI: Thank you. Mr. Mitchell, final comments?

MR. MITCHELL: This is not a permit application for a new permit to mine. This is a permit renewal. They ain't the same thing. That's why someone has a right of renewal, not a -- you don't have a right to get a permit to mine coal. What you have is an opportunity to get a

permit to mine coal if you can demonstrate certain things. You don't have to demonstrate anything to get your right to renewal. You don't have any burden to show anything. You just get it unless somebody else comes forward within a certain period of time and does something.

You have to balance the rights of these people and ask yourself what is the Division's authority in terms of messing with it. These people have no due process rights in terms of whether they agree to set this thing off beyond 120 days. There was no -- this wasn't a joint stipulation among all the parties let's continue this thing; although, it's labeled a joint motion to continue the informal conference.

And, finally, you have to ask in what way are these people prejudiced. The only way they're prejudiced is they don't have the ability to stop mining without having actually put on any evidence. That's because basically if these people -- if the decision were to be reversed and be told they did not have the ability to reissue that permit, to renew that permit, these people are going to be mining without a permit. They are mining without a permit, people out of business under their right of renewal, and you don't have any -- nobody has any evidence in front of them that justifies that

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decision.

These people, on the other hand, can come in front of the Division any day of the week at any point in time with the evidence and if they have evidence that there is either basis for a cessation order or that the permit should be modified, they can put that on. If they disagree with the Division's decision, they can come in front of the Board and have a formal hearing on that.

And that's what you have to balance here.

Regardless of whether the decision seems a little

flat-footed at times, the real parties in interest are

the people whose interests you have to balance; not

whether the decision was particularly graceful in all

this. It's as between these two parties whose rights

are going to be affected within that scheme and who's

going to be prejudiced by it within that scheme.

(Whereupon a discussion was held off the record.)

MR. MITCHELL: Nothing further.

MR. LAURISKI: Thank you. One final comment?

MR. APPEL: That's really all I need. I need to correct some statements that Mr. Mitchell has made that are rather blanket and deserves reference to the permit renewals section of your rules. Mr. Mitchell said that these folks over here, meaning Co-Op I guess, don't have to do anything to get -- they have the right to renew.

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I don't read these requirements that way. They have to timely file at least 120 days before expiration which appears to be a nonissue here, the application for renewal has to have a few things included at a minimum: Evidence of liability insurance policy and adequate self insurance, evidence that the performance bond is in effect for the operation and will continue in full force, as well as any additional bond required by the Division. That seems to require a Division determination. A copy of the proposed newspaper notice approved for publication, additional revised or updated information required by the Division. And this one seems fairly important to me, applications for renewal will be subject to the requirements of public notification and public participation contained in other sections of the renewal. Well, that certainly didn't occur. And then there's an approval process, and I guess I won't go through that but this is not pro-forma.

The Division can deny this renewal and certainly the public is -- I don't know why we're even talking about this because it's clear that the public is entitled to participate and the public has been denied their opportunity to participate, specifically our clients.

They're the ones who filed the objection. The idea that

we're not prejudiced because we've been given some sort of other alternative that we admittedly have at any time doesn't cut it with me. We're entitled to participate in this particular proceeding in addition to that and that's what we're talking about here. We're not going to have some sort of a procedure that -- well, they can do something in the future maybe through a citizen suit or something like that when we have the right to participate in the proceeding we're talking about today.

So I hope the Board will grant the request that we've made. We're still willing to talk about getting to the bottom line approach, although it appears I should spend some time with Mr. Mitchell beforehand, don't have much faith in getting through today. If you wish us to try to get together and talk about that where the Board retains jurisdiction and we have full discovery on this and get to the bottom of it. We'd be happy to appear before you. Otherwise, we just ask that you remand. Thank you.

MR. LAURISKI: Thank you. Anything from the Board for these gentlemen? I think we're going to recess. We will reconvene at 1 o'clock.

(Whereupon a recess was taken.)

MR. LAURISKI: Okay. We're back on the record. The

Board has reached a decision with respect to the request on the last hearing with regard to a remand, the Division on the matter of the five year permit renewal of Co-Op. It's the Board's opinion that the petitioners that asked for the request have presented a case that's persuasive. We believe that under Rule 645-300-131-120 that the 120 day time frame did not allow for consideration of the time for informal conference.

Further, under Rule 645-300-200-240, we're going to grant temporary leave to Co-Op Mining Company, continue under the existing rule of the original mine permit to continue mining while this matter for informal conference and public participation is handled. So our retroactive order goes to November the 2nd, 1995 so that there's no disruption of activity for Co-Op Mining.

I would ask Mr. O'Hara if he would prepare an order for the Board.

MR. O'HARA: I will do that.

MR. LAURISKI: Thank you.

(Concluded at 1:05 pm.)

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2 STATE OF UTAH ss. 3 COUNTY OF SALT LAKE I, DANA MARIE MORSE, a Certified Shorthand Reporter, 5 Registered Professional Reporter, and Notary Public within and for the county of Salt Lake, State of Utah do 6 hereby certify: 7 That the above hearing was taken before me pursuant to notice at the time and place therein set forth. 8 That the testimony and all objections made and all 9 proceedings had at the time of the hearing were recorded stenographically by me and were thereafter transcribed, 10 and I hereby certify that the foregoing transcript is a full, true, and correct record of my stenographic notes 11 so taken; 12 I further certify that I am neither counsel for or related to any party to said action in anywise interested in the outcome thereof. 13 14 IN WITNESS WHEREOF, I have subscribed my name this 25th day of January 1996. 15 16 DANA MARIE MORSE 17 Certified Shorthand Reporter, Registered Professional Reporter, 18 and Notary Public in and for the County of Salt Lake, State of Utah. 19 My Commission Expires: 20 June 13, 1998 21

